

Services Division
European Satellite Committee

Meeting of 8 October 1958

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Present: [REDACTED] S/COM; [REDACTED] S/CST; [REDACTED] S/TR; [REDACTED] A/E; [REDACTED] A/EC; [REDACTED] M/AG; [REDACTED] M/CH; [REDACTED] M/FM; [REDACTED] M/NF; [REDACTED] St/I/R.

Mr. [REDACTED] D/A, conducted a program on Problems and Prospects in the Rumanian economy. He made some opening remarks about the Rumanian economy in general in order to set the stage for the discussion that followed. The mid-1958 estimate of the population of Rumania is 18.1 million people, and in 1956 it was estimated that 68 percent of the people lived in rural areas. Since the Communists took over, they have socialized the economy: industry, 97 percent; foreign trade, 100 percent; agriculture, about 50 percent. In 1956, 45 percent of the total labor force was in the socialized sector. Industrial production accounted for 44 percent of national income in 1950 and for 55 percent in 1957 (both in 1950 prices). In recent years collectivization in agriculture has been pushed. Under the "new look" announced in late 1956, the consumer was to be given a better break.

Mr. [REDACTED] D/A, then discussed Rumania's economy from the viewpoint of national income. The latest Rumanian Statistical Yearbook gives an increase in national income of 92 percent from 1950 to 1955, which is the highest rate of increase in the Bloc, and higher even than West Germany's. Although there has been the growing feeling in ORR that statistics published in the Satellites are not too bad, Rumania is the exception to this feeling of usability of national income statistics. The increase in national income is too high to be credible. A/E's calculations of GNP for Rumania show an increase of 55 percent--which may be too low. The true rate may lie in between these two.

Mr. [REDACTED] M/Ag, discussed the agricultural sector of the economy, first giving the crop production prospects for 1958. Crops were adversely affected by a cool spring and summer drought, and total grain production was 28 percent less than in 1957. However, the 1958 crop is better than 1956 and close to 1954. The peasants produced 67 percent of the 1957 grain crop with 52 percent of the arable land. Animal husbandry is the lagging sector in agriculture, as the number of farm animals in February 1958 was lower than in 1956. This is due to the poor crop harvest in 1956 and probably also to the adverse effect that the drive to further the socialized sector of agriculture has had on animal husbandry. With regard to collectivization, he said this is progressing at a slower pace in 1958 than in 1957. The status of collectivization in July 1958 was: 29 percent of agricultural land in advanced and lower type cooperative and 25.7 percent in the state sector, making a total of 54.7 percent in the socialist sector. (Agricultural production cooperatives with ground rent were comparatively insignificant.) There was a reported peasant revolt in 1957 when the peasants resisted the drive to get them in the socialist sector, but this was allegedly brutally put down. With regard to food

supply in the country, he said the caloric intake in 1957-58 is estimated to have been 2,600 calories--approximately the same as the 1933-1937 average. He added that in CEMA, Rumania had been increasingly dubbed as a supplier of food-stuffs.

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Mr. [REDACTED] M/CH, said Rumania is moving headlong into an extensive chemical development--at an even faster pace than the rest of the Soviet Bloc. Rumania has the raw materials for chemical production, and by 1970 will probably rank only behind East Germany and Poland in the Satellites. However, they do not have sufficient technical background to build modern chemical plants, and have had to go elsewhere for much technical assistance. They have gotten substantial technical assistance from the Bloc, but West Germany and other European countries are giving assistance, too. The USSR has also provided long-term, low-interest loans for this industry, repayable in the output of these new plants. Chemical production in 1957 was 7.5 times that of 1948. Investments in the chemical industry in 1957 was 691 million lei out of a total industrial investment of 8 billion lei.

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With regard to ferrous metallurgy, Mr. [REDACTED] M/FM, said steel production accounted for 4.2 percent of the value of Rumanian industrial production in 1957 (according to the Yearbook). Goals were not met in the first five-year plan (1951-1955) for any of the ferrous metallurgical products, and plans probably will not be met in the second five-year plan. Investment plans have not been met in construction of steel mills, blast furnaces, and coke ovens. According to 1975 plans arranged in CEMA, Rumania is to produce 8 million metric tons of crude steel. However, Rumania does not appear to be well blessed with raw materials for the iron and steel industry.

Since all sectors of the Rumanian economy could not be covered in the discussion of 8 October, there will be a continuation of the program on Problems and Prospects in the Rumanian Economy on 15 October. The Committee hopes to have the branches not heard from in the first discussion to contribute to the second discussion. The meeting will be held at 1330 hours in Room 1121 M Building.

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Secretary